Easing of Banking Security Laws

2661. SHRI SURESH PACHOURI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government propose to ease the banking security laws;

(b) if so, details thereof; and

(c) the need for this measure?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) to (c) The Reserve Bank of India (RBI) has reported that while there is no change proposed in the cases relating to creation of securities, the recently enacted Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 enables banks and financial institutions to enforce the security interest without any legal hurdles. In terms of Section 13 of this Act any security interest created in favour of any secured creditor may be enforced without the intervention of the court or tribunal by such creditor in accordance with the procedure laid down in the Act and also Security Interest (enforcement) Rules 2002. To further smoothen the exercise of this right, Section 20 of the Act provides for setting up of the Central Registry by the Central Government. One of the transactions required to be registered with this Registry relates to creation of security interest which will enable secured creditors to know the priority of charges.

NPA of IDBI

2662. SHRI SANJAY NIRUPAM: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) what is the number of NPA accounts in IDBI;

(b) how many have had their outstanding dues settled so far; and

(c) the stipulated guidelines for the settlement?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) The number of NPA accounts in IDBI as on 31.3.2002 (direct loans) was 1821.

(b) Out of the above NPA accounts, 68 cases have been fully settled through OTS/NS during FY 2002-2003 (upto 28.02.2003).

(c) Compromise settlement covering all NPA accounts with outstanding upto Rs. 10 crore follow the revised guidelines for such settlements issued by RBI on February 4, 2003.

Rotation of cost auditors to prevent manipulation

2663. SHRI KHAN GHUFRAN ZAHIDI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government propose to take a policy decision to rotate cost auditors appointed by various companies on three years basis;

(b) whether it is a fact that cost auditors of the companies are helping in manipulation of balance sheets;

(c) whether it is a fact that the small investors have lost crores of rupees because of such manipulations; and

(d) what action Government propose to take to correct the situation?

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): (a) No, Sir.

(b) A Cost Auditor appointed under the Companies Act is not associated with preparation of the Balance Sheet.

(c) and (d) Do not arise.

Managerial remuneration of Corporate Directors

2664. SHRI KHAN GHUFRAN ZAHIDI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government propose to frame guidelines regarding managerial remuneration of corporate directors; and -